

The Commonwealth of Massachusetts
Public Employee Retirement Administration Commission
John W. McCormack Building, Room 1101
One Ashburton Place Boston, MA 02108
(617) 727-9380

M E M O R A N D U M

TO: Retirement Boards

FROM: John J. McGlynn, Executive Director

RE: Outline of Pension Reform Duties and Responsibilities

DATE: January 10, 1997

Enclosed for your convenience please find an outline of the new duties and responsibilities of the retirement boards and the Public Employee Retirement Administration Commission. As you know the pension reform legislation represents a major increase in the responsibilities of the retirement boards as well as of PERAC. PERAC looks forward to working with you in implementing this important legislation.

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*PERAC AND BOARD
RESPONSIBILITIES
UNDER CHAPTER 306
OF THE ACTS OF 1996
AS AMENDED BY
CHAPTER 427 OF THE
ACTS OF 1996*

**NEW RESPONSIBILITIES UNDER CHAPTER 306 OF THE ACTS OF 1996
AS AMENDED BY CHAPTER 427 OF THE ACTS OF 1996**

ACTIVITY	BOARD	PERAC
<u>Early Intervention</u> <u>G.L. c. 32, §5B</u>		
Issue Guidelines for early intervention plans (February 1, 1997).		XXX
Establish, after consultation with governmental unit and unions, an early intervention plan, including cost projections (March 15, 1997).	XXX	
Review and approve early intervention plans submitted by retirement boards.		XXX
Transmit cost projections to the House Clerk (March 19, 1997).		XXX
Implement early intervention plans (July 1, 1997).	XXX	XXX
Receive notifications from employers when employees absent from work for 30 days as the result of a job related injury, if the employee's and employer's physician determine that return to work is not imminent.	XXX	
Determine if member is a candidate for the early intervention plan.	XXX	
Assemble early intervention team.	XXX	
Designate a representative of the retirement board to serve on the early intervention team.	XXX	
Designate a rehabilitation specialist to participate on early intervention team.		XXX
Review recommendation of early intervention team and if the member is unable to perform the essential duties of his position, may require the member to undergo an assessment to determine if he or she would benefit from a vocational-medical rehabilitation program.	XXX	
Make every reasonable effort to make a determination with respect to assessment in an expeditious manner.	XXX	
Utilize resources available from employer, the retirement board, the union, Mass Rehab Commission, PERAC and other sources deemed necessary.	XXX	
Early intervention plan for injured member is submitted to the board for review and approval, with notice to the member and an opportunity to be heard by the board.	XXX	
Assume responsibility for all costs associated with the assessment and rehabilitation plan, less any insurance available to the employer or member.	XXX	
Determine if member has failed to complete a rehabilitation	XXX	

ACTIVITY	BOARD	PERAC
program without good cause.		

ACTIVITY	BOARD	PERAC
<u>Designation of Neutral Physicians</u> <u>G.L. c. 32, §20(5)</u>		
Designate a neutral doctor with experience in the applicable field of medicine to advise the board in determination of disability and accidental death applications.	XXX	
<u>Rehabilitation Evaluation, Re-examination and Restoration to Service of Disability Retirees</u> <u>G.L. c. 32, §8</u>		
PERAC and retirement boards consult regarding evaluation of disability retirees.	XXX	XXX
Require disability retirees to be evaluated to determine if the retiree can perform the essential duties of his position or if return to work would be expedited by participation in a rehabilitation program. (once each year for two years after retirement and once every three years thereafter).		XXX
Excuse a disability retiree from examination if it is determined that examination is unwarranted due to nature of injury (written findings).		XXX
Pay for rehabilitation evaluations and medical re-examinations.		XXX
Terminate retirement benefit, after written notice and opportunity for hearing, if member refuses to submit to evaluation without good cause.	XXX	
After evaluation, determine if retiree may benefit from a rehabilitation program and the program is cost effective.		XXX
Prepare list of approved rehabilitation services.		XXX
Provide and pay for a rehabilitation program comprised of services on the list approved by PERAC.	XXX	
Suspend benefits of any retiree who fails to complete a rehabilitation program without good cause.	XXX	
After completion of a rehabilitation program, require a medical panel examination	XXX	
If board believes medical panel is unwarranted, file statement of fact with Commission.	XXX	
Review Board findings that medical panel examinations are unwarranted.		XXX
Proceed with medical panel if Commission rejects findings.	XXX	
Schedule and pay for medical panel examination after rehabilitation.		XXX
Terminate retirement benefit, after written notice and opportunity		

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for hearing, if member refuses to appear at an examination without good cause.	XXX	
Restore member to his former position or a similar position.	XXX	
If a member is returned to a position for which the compensation is less than the position from which he retired, he will receive an amount from the retirement system equal to the difference between what he is receiving and the regular compensation of the position from which he retired.	XXX	
Request an examination when a member whose allowance has been reduced, revoked or suspended files a written request for such examination.	XXX	
Schedule and pay for medical examination at the request of the board when a member whose allowance has been reduced, revoked or suspended files a written request for such examination.		XXX
Increase or restore the pension that has been reduced as the medical panel report warrants.	XXX	
Review regional medical panel reports, 91A earnings statements and rehabilitation program reports and determine if a retired member is engaged or is able to engage in gainful occupation with earnings in excess of regular compensation, as defined in the section, plus \$5,000 and determine if his retirement allowance should be modified.		XXX
Notify board to reduce or suspend pension if earnings in excess of allowable amount (modifications can be appealed to CRAB).		XXX
Reduce or suspend pension as advised by PERAC.	XXX	
Promulgate regulations with regard to what constitutes regular compensation had a member remained in service for purposes of G.L. c. 32, §8(3).		XXX
Promulgate regulations with regard to the fair amount of outside income that a disability retiree may earn, annually adjusted for inflation.		XXX
Promulgate regulations with regard to the determination of a retired member's potential earnings based upon functional capacity, age, education and experience.		XXX
<u>Spousal Notification</u> <u>G.L. c. 32, §12(1)</u>		
Provide member and spouse with detailed information regarding the benefit option selected.	XXX	
Implement spousal notification provisions.	XXX	
<u>Budget Preparation and Filing</u>		

ACTIVITY	BOARD	PERAC
<u>G.L. c. 32, §22</u>		
Prepare annual budgets and supplemental budgets to be paid from investment earnings and to be filed with the appropriate governmental units 30 days prior to the adoption of the budget.	XXX	
<u>Annual Earnings Statements From Disability Retirees</u> <u>G.L. c. 32, §91A</u>		
Receive statements of earnings from each disability retiree (no later than April 15).		XXX
Advise retirement boards of any disability retiree who has not filed a statement of earnings so that benefits can be suspended.		XXX
Review disability retiree's reasons for failure to file earnings statements to determine if good cause for such failure exists.		XXX
Advise retirement boards if a retiree's earnings exceed the amount allowed by G.L. c. 32, §91A so that member will be required to refund excess or pension will be withheld.		XXX
Prior to termination or reduction under G.L. c. 32, §91A, give member written notice and an opportunity to be heard by the retirement board. (terminations or reductions can be appealed to CRAB.)	XXX	
<u>Wage Match with Department of Revenue</u> <u>G.L. c. 32, §91B</u>		
Establish a wage match (interagency agreement) with DOR for the purpose of implementing the review of retiree's earnings statements.		XXX
Receive wage match reports from DOR.		XXX
Advise retirement boards of data received from DOR so that board can take appropriate action.		XXX
Review DOR information received from PERAC and take appropriate action.	XXX	

<u>Criminal Record Offender Information (CORI)</u> <u>G.L. c.32. §91C</u>		
Establish mechanism for accessing and reviewing criminal records history information.		XXX
Obtain annual listing or incarcerated persons to determine those whose allowances should be suspended while incarcerated.		XXX
Notify Retirement Board of those retirees whose allowances should be suspended.		XXX
Suspend retirement allowance during period of incarceration.	XXX	

ACTIVITY	BOARD	PERAC
<u>PERAC Pension Fraud Unit</u> <u>§10, chapter 427, acts of 1996</u>		
Create a pension fraud unit with duties and functions outlined in section 10 of chapter 427 of the acts of 1996.		XXX
Establish toll free number & encourage reporting pension fraud.		XXX
Designate persons to have access to CORI, RMV, and other records in connection with investigations.		XXX
Establish forms for the reporting of pension fraud to PERAC.		XXX
Request appearance and testimony in investigations.		XXX
Report non-compliance with requests for records to AG, US Attorney or district attorney.		XXX
Report violations of law to AG, US Attorney or district attorney.		XXX
File annual reports beginning August 1, 1997 with the joint committee on public service and the AG (unless prohibited by law) with respect to disposition of matters referred to PERAC.		XXX
Monitor restitution ordered in connection with convictions.		XXX
<u>PERAC Legislative Recommendations</u> <u>§15A, chapter 427, acts of 1996</u>		
Make recommendations to the legislature with respect to a mechanism for assessing the retirement systems for expenses incurred by PERAC and other recommendations with respect to chapter 306 of the acts of 1996.		XXX